HY24'S STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

May 2024

HY24's statement on principal adverse impacts of investment decisions on sustainability factors
pursuant to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Hy24 SAS

SUMMARY

Hy24 SAS (LEI: 894500DKJMG8RK012S68), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts (PAI) on sustainability factors of Hy24.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

SUMMARY OF THE PRINCIPLE ADVERSE IMPACTS

In 2023, the Clean H2 Infra Fund was the only fund managed by Hy24 that had already closed investments. This Fund is an Article 9 fund, as such all investments are sustainable investments. Based on data reported through PAI reporting and information obtained during its engagement campaign, Hy24 can conclude that no significant harm was done to any environmental and social objectives by the investements of the Fund.

Hy24 tracks all mandatory indicators for principle adverse impacts as well as the following relevant additional indicators (“optional” PAI indicators):

- Existence of a workplace accident prevention policy
- Rate of accidents
- Number of days lost to injuries, accidents, fatalities, or illness
- Share of investments in investee companies whose operations affect threatened species

These additional PAI indicators were selected because of their materiality to the infrastructure development sector, as well as based on reporting requirements from Limited Partners, to ensure that the management company can answer its own reporting obligations.

Résumé des principales incidences négatives

En 2023, le fonds Clean H2 Infra était le seul fonds géré par Hy24 ayant déjà clôturé des investissements. Ce fonds est classé article 9 et tous les investissements sont donc des investissements durables. Sur la base des données reportées via le reporting PAI et des informations obtenues lors de sa campagne d'engagement auprès de ses participations, Hy24 peut conclure qu'aucun préjudice significatif n'a été causé à l'un des objectifs environnementaux et sociaux à travers les investissements du fonds.

Hy24 suit tous les indicateurs obligatoires pour calculer les principales incidences négatives ainsi que les indicateurs supplémentaires suivants (indicateurs PAI « optionnels ») :

- Existence d'une politique de prévention des accidents du travail
- Taux d'accidents
- Nombre de jours perdus en raison de blessures, d'accidents, de décès ou de maladies
- Part des investissements dans des entreprises dont les activités affectent des espèces menacées

Ces indicateurs PAI supplémentaires ont été sélectionnés en raison de leur matérialité pour le secteur du développement des infrastructures et en fonction des exigences de reporting des *Limited Partners*, afin que la société de gestion soit en mesure de répondre à ses propres obligations en matière de reporting.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

INDICATORS FOR CLIMATE AND OTHER ENVIRONMENT-RELATED MATTERS

Adverse sustainability indicator (1/3)		2023 Impact	2022 Impact	Unit	Explanation	Actions taken, and actions planned, and targets set for the next reference period
1. GHG emissions	**Scope 1 GHG emissions**	**6**	1	tCO2eq.	Perimeter: 99%[1] of current value of Hy24 investment Results explanation: The GHG emissions represent the share of emissions generated by portfolio companies and their projects attributable to the Fund. Hy24 has not used proxy data for the calculation of GHG emissions and relies on company data for all scopes. As early as the pre-investment phase, Hy24 pays close attention to the **design choices of planned investments**, to ensure that they would align with policy objectives pursued by the relevant jurisdiction (e.g., European Green Deal), and result in the **production of hydrogen or low carbon gases meeting the criteria to be considered "green"**. Consequently, Hy24 makes investments in companies whose scope 1 and 2 emissions remain limited. The **increase in scope 3** emissions is mainly driven by the new investment in H2GS. The company is building a steel plant to decarbonise steelmaking thanks to green hydrogen.	Ambitions and targets: Hy24's investment thesis is based on the belief that, by investing in projects which produce and/or consume clean hydrogen, Hy24 will directly contribute to the avoidance of carbon emissions with a view to support the long-term global warming objectives of the Paris agreements. The focus of the assets is therefore to expand their activities that will contribute to the decarbonisation of the transport and energy sectors, while limiting the emissions related to their operations. Measures and expected evolutions: Given that some of the assets are yet to start or just starting operations, the GHG footprint of the Fund will increase in future years, especially during the construction and deployment of new infrastructure. In addition, Hy24 encourages the expansion of the assessment of Scope 3 emissions. Finally, the alignment of portfolio companies' activities with the substantial contribution criteria to climate change mitigation ensures that they support the energy transition and contribute to the reduction of GHG emissions.
	Scope 2 GHG emissions - MB[2]	**304**	316	tCO2eq.		
	Scope 2 GHG emissions - LB[3]	**624**	1,029	tCO2eq.		
	Scope 3 GHG emissions	**7,335**	956	tCO2eq.		
	Total GHG emissions - MB[2]	**7,645**	1,273	tCO2eq.		
	Total GHG emissions – LB[2,3]	**7,964**	1,986	tCO2eq.		
2. Carbon footprint[4]		**35**	38	tCO2eq. / €M investment	Perimeter: 99% of current value of Hy24 investment Results explanation: The carbon footprint of the Fund decreased by 8%, despite the six-fold increase in GHG emissions. Indeed, the total investment value of the Clean H2 Infra Fund increased more rapidly.	
Adverse sustainability indicator (2/3)		**2023 Impact**	**2022 Impact**	**Unit**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**

[1] The 1% missing is related to a small investment in a TopCo, which co-owns a JV together with Hy24 (this JV being itself covered within the perimeter of reporting). This TopCo's purpose is to develop projects which, when reaching a sufficient level of maturity, are transferred to the JV and are thereby covered by the reporting.
[2] Market-based
[3] Location-based
[4] Calculated using market-based total emissions

3. GHG intensity of investee companies[45]	**513**	188	tCO2eq. / €M revenues	Perimeter: 33% of current value of Hy24 investment[5] Results explanation: The GHG emission intensity has increased due to 2 main factors: (1) the majority of projects of investee companies **did not generate substantial revenues**, resulting in higher emissions intensity as the emissions produced were not offset by revenue-generating activities; (2) some companies have enhanced their coverage of Scope 3 categories.	See previous page.
4. Exposure to companies active in the fossil fuel sector	**0%**	0%	share of investment	Perimeter: 99% of current value of Hy24 investment Results explanation: In 2023, the Fund completed three transactions in European companies specialised in **clean hydrogen production, power-to-X and green steel manufacturing.** In alignment with the Fund investment strategy and Hy24 Responsible Investment Policy, **no investment was made in companies active in the fossil fuel sector**.	Ambitions and targets: Hy24 plans to continue following the investment strategy defined for the Fund.
5. Share of non-renewable energy consumption and production	**0%**	0%	share of non-renewable energy production	Perimeter: 99% of current value of Hy24 investment Results explanation: **Two portfolio companies produced energy** (renewable electricity from photovoltaic power, biomethane, or green hydrogen), hence contributing to the Fund's objective to decarbonise the transport and energy sectors. The weighted average share of non-renewable energy consumption was 48% in 2023. **Most of the electricity consumed in operational projects** (hydrogen production and hydrogen refueling station) **is from renewable sources.** non-renewable energy use is mostly due to offices energy consumption.	Ambitions and targets: The goal of the Fund is to **continue producing renewable energy.** To that extent, the energy consumption should also be from renewable sources. Measures and expected evolutions: With the support of Hy24, portfolio companies **develop electricity and hydrogen procurement** that will increase the share of renewable energy consumption.
	48%	42%	share of non-renewable energy consumption		
Adverse sustainability indicator (3/3)	**2023 Impact**	**2022 Impact**	**Unit**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**

[5] This indicator does not include Elyse, Everfuel and H2GS as these companies are not generating any revenue and therefore their carbon intensity cannot be calculated

6. Energy consumption intensity per high impact climate sectors	**0.17**	0.015	GWh / €M revenues	Perimeter: 99% of current value of Hy24 investment Results explanation: All companies are classified in high impact climate sectors. In particular, portfolio companies have activities in the sectors of energy manufacture and transport. The increase in energy intensity can be explained by **new projects of existing investee companies** and the **expansion of the portfolio**.	Measures and expected evolutions: Hy24 will support the assets reducing their energy consumption intensity notably through the **limitation of hydrogen leaks** in distribution activities and by **using the most efficient technologies in hydrogen production.**
7. Activities negatively affecting bio-diversity sensitive areas	**0%**	0%	share of investment	Perimeter: 99% of current value of Hy24 investment Results explanation: The protection of biodiversity is **included in the action plans** developed by Hy24 for its portfolio companies. As the Fund targets the EU Taxonomy alignment of its activities, the **monitoring and mitigation of biodiversity impact is central** in the development of hydrogen production and distribution infrastructures. The fund supports its portfolio companies by reviewing documentation related to EIA and providing **adequate frameworks for biodiversity impact assessment.**	Measures: Hy24 will continue monitoring biodiversity related metrics and supporting assets in the completion of biodiversity impact assessment in relation to the objective of EU Taxonomy alignment of the Fund.
8. Emissions to water	**0**	0	tons / €M investment	Perimeter: 99% of current value of Hy24 investment Results explanation: No portfolio company reported having generated emissions of phosphates, nitrates, pesticides, or any priority substances over the reporting period.	Measures: Hy24 monitors portfolio companies' potential emissions to water through the ESG Monitoring & Reporting Framework developed for the Fund. Hy24 will continue requesting portfolio companies to report on this indicator in the following years.
9. Hazardous waste	**0.01**	0.01	tons / €M investment	Perimeter: 99% of current value of Hy24 investment Results explanation: three portfolio companies reported having generated hazardous waste (waste from maintenance process, waste oil, contaminated soil, coolant, heat transfer medium, etc.).	Measures: Hy24 monitors portfolio companies' hazardous waste through the ESG Monitoring Framework developed for the Fund. Hy24 will continue requesting portfolio companies to report on this indicator in the following years.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					

Adverse sustainability indicator	2023 Impact	2022 Impact	Unit	Explanation	Actions taken, and actions planned, and targets set for the next reference period
10. Investment in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	**0%**	0%	share of investments	Perimeter: 99% of current value of Hy24 investment Results explanation: Hy24 controls through its ESG Monitoring & Reporting Framework that **no violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights occurred during the reporting year**. This means that portfolio companies declared that the company or its top management were not convicted for a breach in human resources due diligence, anti-corruption, taxation or and fair competition laws.	Measures: The verification of the absence of business ethics and human rights conviction and controversy is part of Hy24's **due diligence process**. Furthermore, during the holding period, Hy24's monitors through its action plan the **implementation of material measures that mitigates the risks of violation of human rights or business ethics principles** in line with the EU Taxonomy requirements regarding minimum social safeguards.
11. Investment in companies with a lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	**22%**	0%	share of investments	Perimeter: 99% of current value of Hy24 investment Results explanation: **Two new companies are still in the process of developing policies and procedures** to track their compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Ambitions and targets: The alignment of portfolio companies' activities with the OECD guidelines for MNEs and the UN GC Principles is **an integral part of Hy24's engagement campaign** as it allows to confirm the compliance with minimum safeguards of the Regulation (EU) 2020/852. Measures: Through its ESG Monitoring & Reporting Framework, Hy24 supported portfolio companies in reinforcing their internal processes and compliance mechanisms. For instance, Hy24 provides technical assistance in the form of trainings. Hy24 also closely follows portfolio companies' commitment to introduce further safeguards before the start of operations.
Adverse sustainability indicator	**2023 Impact**	**2022 Impact**	**Unit**	**Explanation**	**Actions taken, and actions planned, and targets set for the next reference period**

12. Unadjusted gender pay gap	**14%**	15%	average gender pay gap	Perimeter: 99% of current value of Hy24 investment Results explanation: The Fund consolidated unadjusted gender pay gap is 14% in 2023. The indicator ranges from 5% to 25% among companies.	Measures and expected evolutions: Hy24 has included portfolio companies' diversity indicators in the ESG Monitoring Framework developed for the Fund. Understanding the importance of increasing diversity in the hydrogen sector, Hy24 will continue requesting portfolio companies to report on this indicator in the following years as more of its portfolio companies become operational.
13. Board gender diversity	**10%**	25%	percentage of female members in governing bodies	Perimeter: 99% of current value of Hy24 investment Results explanation: The Fund consolidated board gender diversity is 10%. The board gender diversity ranges from 0% to 33% in portfolio companies. The decrease compared to last year is due to both the **integration of additional portfolio companies in the Fund, and evolution of board's composition for historic investments.**	Measures and expected evolutions: Hy24 has included portfolio companies' diversity indicators in the ESG Monitoring Framework developed for the Fund. Understanding the importance of increasing diversity in the hydrogen sector, Hy24 will continue requesting portfolio companies to report on this indicator in the following years as more of its portfolio companies become operational.
14. Exposure to controversial weapons (anti-personal mines, cluster munitions, chemical weapons, and biological weapons)	**0%**	0%	share of investments	Perimeter: 99% of current value of Hy24 investment Results explanation: In alignment with the Clean H2 Infra Fund investment strategy and Hy24 Responsible Investment Policy, **no investment was made in companies active in the weapons industry**.	Measures: Hy24 does not invest in companies engaged in controversial weapons.

Other indicators for principal adverse impacts on sustainability factors

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator		2023 Impact	2022 Impact	Unit	Explanation	Actions taken, and actions planned, and targets set for the next reference period
14. Natural species and protected areas	**1. Operations affecting threatened species**	**0%**	0%	share of investments	Perimeter: 99% of current value of Hy24 investment Results explanation: The protection of biodiversity is **included in the action plans** developed by Hy24 for its portfolio companies. As the Fund targets the EU Taxonomy alignment of its activities, the **monitoring and mitigation of biodiversity impact is central** in the development of hydrogen production and distribution infrastructures. The fund supports its portfolio companies by reviewing documentation related to EIA and EIA screening and providing **adequate frameworks for biodiversity impact assessment.**	Measures: Hy24 will continue monitoring biodiversity related metrics and supporting assets in the completion of biodiversity impact assessment in relation to the objective of EU Taxonomy alignment of the Fund.

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator	2023 Impact	2022 Impact	Unit	Explanation	Actions taken, and actions planned, and targets set for the next reference period
1. Investments in companies without workplace accident prevention policies	**8%**	0%	share of investments	Perimeter: 99% of current value of Hy24 investment Results explanation: One portfolio company, at an early development stage has yet to **implement a workplace accident prevention policy**. All the companies with operational infrastructure have workplace accident prevention policies. For companies operating infrastructure projects on which they do not have operational controls, equivalent policies are applied at the project level.	Measures: Through its action plan, Hy24 **supported portfolio companies in implementing workplace accident prevention policies and monitoring safety-incidents.** The existence of policies and management systems to reduce safety risks is an integral part of Hy24's engagement campaign as it allowed to confirm the compliance with Minimum Safeguards.

2. Rate of accidents	**0**	0	accidents per millions of hours worked	Perimeter: 99% of current value of Hy24 investment Results explanation: No accident was reported by portfolio companies during the reporting year.	
3. Number of days lost to injuries, accidents, fatalities, or illness	**0**	0	days lost	Perimeter: 99% of current value of Hy24 investment Results explanation: There was no day lost to work-related injuries, accidents fatalities or illnesses in portfolio companies during the reporting year.	

DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

To achieve its sustainable investment objective and avoid significant harm to any sustainability factors, Hy24 integrates sustainability risks and opportunities into all phases of its investment process. To that end, Hy24 has developed a specific approach and resources to ensure ESG objectives are successfully met, including the identification and prioritisation of principle adverse impacts. **This approach is outlined in Hy24's Responsible Investment Policy**, which latest version was revised in June 2023.

The responsibilities for the operational implementation of the Responsible Investment Policy are allocated as such:

- The Investement team: the Responsible Invesment Policy is directly implemented by Hy24's investment teams, who are responsible for deal flow screening, due diligences and engagement with portfolio companies.
- The ESG team: Composed of Hy24's General Counsel and ESG and Public Affairs Officer, with the support of a team of dedicated analysts, the ESG team supports investement teams in the implementation of the Responsible Investment Policy through sustainability-specific expertise. The team is also in charge of implementing porfolio-level aspects of the Policy, including LP reporting and overall portfolio performance review.
- The ESG working group: Composed of Hy24's ESG team, some members of Hy24's investment team as well as representatives of Ardian's ESG team, the ESG working group is in charge of defining the ESG initial framework, including the Responsible Investment Policy and of overseeing the implementation of the Fund's ESG Policy.
- The Sustainability Committee: On a strategic level, a Sustainablity Committee has been formed to review the Responsible Investment Policy and the Fund's level of alignement with its sustainability objectives.

Hy24 tracks all mandatory indicators for principle adverse impacts as well the following relevant additional indicators ("optional" PAI indicators):

- Existence of a workplace accident prevention policy
- Rate of accidents
- Number of days lost to injuries, accidents, fatalities, or illness
- Share of investments in investee companies whose operations affect threatened species

These additional PAI indicators as referred to in Article 6(1), points (a), (b) and (c) were selected because of their materiality to the infrastructure development sector, as well as based on reporting requirements from Limited Partners, to ensure that the management company can answer its own reporting obligations. Though the additionnal PAI indicators were selected based on the perceived materiality to the infrastructure development sector, it does not mean that other optional PAI indicators are never material to Hy24's investments.

Principal adverse impacts on sustainability factors are **considered from pre-investment and throughout the holding period.** To track these indicators, Hy24 undertakes an **engagement campaign with its portfolio companies, through which an important emphasis is given to ESG data monitoring.**

Hy24 has consolidated these PAI indicators at the portfolio company level following a proportional approach, which means that indicators have been weighted according to the level of ownership of portfolio companies within their own projects. Hy24 believes that this approach better reflects the principal adverse impact of its portfolio companies, and thus of its Fund. The disclosure of PAI indicators consolidated at the Fund and Hy24 levels follows the consolidation methodology provided by the considerations laid out in Annex 1 of the Delegated Regulation 2022/1288.

Hy24 strives to respect some principles and key steps to **ensure the quality of data and therefore the accuracy of its reporting**. These include for instance:

- **Supporting portfolio companies throughout the reporting campaign**. Before the start of the campaign, all portfolio companies were invited to a **technical training session** to introduce the ESG Reporting Campaign. During this session, Hy24 presented its Reporting and Monitoring framework and the campaign calendar. The training session was the opportunity to focus on several key and challenging indicators such as the calculation of Taxonomy alignment, the carbon footprint and avoided emissions. During the campaign, Hy24 supported the portfolio companies in particular regarding the most complex indicators. Finaly, at the end of the campaign, Hy24 reviewed all reported data to ensure consistency with historic values and Hy24's understanding of the companies' operations.

- Revising Hy24's Reporting and Monitoring framework to provide more clarity on the requested data points. The framework now includes detailed definitions for each indicator based on reference standards (e.g. ESRS and GHG protocol).
- Agreeing with portfolio companies on the completion of an action plan resulting from the due diligence conducted (see more detailed in the "Engagement policies" section below) within a reasonable timeframe following the investment (e.g., 18 months). This action plan supports the investee companies in the definition of a robust reporting methodology.
- Verifying the completeness and accuracy of reported data and following up with portfolio companies on every data point that need further explanations.
- Being transparent with portfolio companies and stakeholders, including LPs, on the limitations of the methodologies and data reported.

Engagement policies

Hy24's investment procedures ensures that **ESG considerations are raised and answered throughout the entire lifecycle** of its financial product, which implies that principal adverse impacts of investments on sustainability factors are fully considered. The key features of this approach applied in 2022 are the following:

I. **Preliminary screening:** As Hy24 refrains from investing in activities that are not in line with its sustainability objectives during the pre-investment stage, it conducts a preliminary screening to **ensure that the opportunity is aligned with the Fund's sectoral targets and strategic purpose.**

II. **Sustainability (ESG) due diligence:** Hy24 engaged in the **development of its own approach** to sustainability due diligence, with the goal **of integrating sustainability and policy aspects in its analysis of investment opportunities**. The approach of the sustainability due diligences selected by Hy24 is one that **merges sustainable finance requirements**, specifically those of the SFDR and EU Taxonomy, with **ESG materiality analysis.** The sustainability due diligences performed in 2023 **revealed no concerns for Hy24 with regards to significant negative impacts on the sustainable factors.**

III. **Investment decisions and Action plans:** A summary of the sustainability due diligence analysis was **included in investment memoranda submitted to the Investment Committee**. The investment decisions included an **agreement with the investee companies on the completion of the Action Plan** resulting from the due diligence within a reasonable timeframe following the investment (e.g., 18 months).

IV. **Engagement campaign throughout the holding period:** Since the inception of the Fund, Hy24 has undertaken an engagement campaign with its portfolio companies, **with the goal of improving their maturity on ESG priorities, building internal capacity within each asset** and, if it was not yet the case, **assisting them to comply with the requirements of the SFDR and the EU Taxonomy**. In doing so, Hy24 ensures that portfolio companies are **committed to maximising their positive impact and minimising their potential negative impact on their stakeholders and the environment.** This engagement campaign was carried on during this new reporting period, supporting Hy24 in meeting its ambitions of fostering the hydrogen infrastructure in a sustainable way. The key features of this year's campaign included the following:

   i. **Revision of the ESG Monitoring & Reporting Framework:** Hy24's ESG team improved its ESG Monitoring & Reporting Framework to streamline the process of collecting and analysing the data, address the potential difficulties encountered in the first reporting exercise, and improve data quality and robustness. Difficulties encountered included, for instance, the complexity associated with regulatory reporting requirements (i.e., SFDR, EU Taxonomy), the integration of portfolio companies' specificities into the reporting framework (e.g., project developers, SPV-level reporting, small and medium-sized companies etc.) and the harmonisation of reporting practices across the portfolio (e.g., aligning datapoints definitions). The new framework allows, amongst other things, a more detailed monitoring of projects compliance with the EU Taxonomy criteria, a more detailed carbon reporting, in particular scope 3 reporting, and a more streamlined data consolidation process. All portfolio companies were provided with a 2 hour-long Technical Training at the end of 2023 to support them in answering the reporting requirements. The ESG Monitoring & Reporting Framework was **instrumental in managing potential negative impacts of portfolio companies**. In particular, it allowed the tracking of PAI indicators and the alignment with the UNGP Principles and OECD Guidelines for Multinational Enterprises.

   ii. **Continuous dialogue with portfolio companies:** Hy24 pursued its proactive approach of fostering dialogue with portfolio companies to strengthen their ESG management practices and facilitate the completion of their Action plans. This materialised through regular meetings with each portfolio company to delve into their progress and identify any potential support required. For some of the portfolio companies, Hy24 provided direct feedback and guidance on ESG matters. This supports covers for example the development of corporate policies and sustainability programs or the estimation of GHG emissions and avoided emissions. Hy24's engagement approach also involves its co-investors, with whom the Fund closely collaborates to align expectations on ESG matters. Most often, this collaboration takes the form of joined meetings with portfolio companies or bi-lateral meetings between Hy24 and its co-investors.

As part of the sustainable investment approach described above, Hy24 considers all the indicators for adverse impacts in Table 1 ("mandatory" PAI indicators) as well as relevant indicators in Tables 2 and 3 ("optional" PAI indicators) of the Annex. Among the relevant indicators in Tables 2 and 3, Hy24 has especially selected the following indicators:

- Existence of a workplace accident prevention policy
- Rate of accidents
- Number of days lost to injuries, accidents, fatalities, or illness
- Share of investments in investee companies whose operations affect threatened species

References to international standards

Alignement with international climate objectives

The Clean H2 Infra Fund has a sustainable investment objective in the meaning of Article 9 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector ("SFDR"). This sustainable investment objective is to contribute to climate change mitigation, through the funding of low-carbon hydrogen projects. As such, **Hy24 has aimed to align its assets with the EU Taxonomy criteria for contributing to climate change mitigation.** By investing in low-carbon hydrogen production, storage and distribution, the **Fund is thus directly contributing to reducing carbon emissions with a view to support the long-term global warming objectives of the Paris agreements.**

The attainment of the sustainable investment objective of climate change mitigation is monitored throughout the lifecycle of the financial product through the reporting by portfolio companies of their **Taxonomy alignment** towards this objective and of **sustainability indicators**. As all investments are directly contributing to and enabling climate change mitigation, the use of a forward-looking decarbonisation scenario is not relevant.

The **following sustainability indicators** are used to measure the attainment of the abovementioned objective:

- GhG emissions intensity for the manufacture of hydrogen (tCO_2e/tH_2)
- Avoided CO_2 emissions (tCO_2e)
- Share of renewable energy consumed (%)
- Share of renewable energy produced (%)

The data covers all investments in operational projects and is directly reported by portfolio companies of financial products. Hy24 relies as much as possible on national, European or internationally recognised standards for the reporting of climate-related indicators. As such, it mainly relies on recommendations of the GHG Protocol and the ESRS of the EFRAG as reporting guidance.

Alignement with international standards on business ethics

The alignment of the portfolio companies with the **OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights** is also monitored by Hy24 at several steps of the investment process, including as early as the due diligence phase, and throughout the engagement campaign.

An initial assessment of the alignment of portfolio companies with the OECD guidelines for MNEs and the UNGP on Business and Human Rights is performed during the sustainability due diligence. This includes an appraisal of the materiality of social and governance risks, as well as the maturity of potential portfolio companies on these topics. Hy24 also requests all necessary information to confirm that the portfolio companies' governance practices are sufficiently robust. Where Hy24 identifies a lack of procedures or documentation, corrective measures are included in portfolio companies' individual Action Plans. Such measures include for instance the formalisation of codes of conducts, the expansion of alert systems to different stakeholder groups, or the update of internal policies regarding anti-corruption or taxation.

During its engagement campaign, Hy24 then looks specifically at the way portfolio companies manage four key topics: human rights (including labour and consumer rights), corruption and bribery, taxation, and fair competition. Hy24's ESG Monitoring Framework allows not only to identify and improve procedures in place on these topics through the individual Action Plans, but also to track the outcomes of these procedures thanks to the ESG Data Monitoring Sheet.

HISTORICAL COMPARISON

In 2024, Hy24 publishes its statement on PAI indicators for the second year and can therefore provide an historical comparison between 2022 and 2023 results. The evolution is presented for each indicator as part of PAI indicators tables with accompanying explanation for significant variations.

When interpreting these evolutions, it should be noted that the investment portfolio has significantly evolved compared to last year, with the number of portfolio companies doubling from 3 to 6. Furthermore, as Hy24 is investing in the emerging clean hydrogen infrastructure, a majority of the investments have been made in greenfield assets, whose impacts evolve rapidly year over year, transitionning from the project phase to construction, and ultimately to operation. Both the evolution of the portfolio composition and the portfolio companies themselves might limit the relevance of year-over-year analysis.